

# The Channel Group Newsletter

## Featured Article

### An Interview with Vijay Aggarwal, Ph.D.



Vijay Aggarwal, Ph.D.

#### About Slone Partners

**Slone Partners is a premier national recruitment firm that specializes in delivering top executive, management and sales talent for the diagnostic laboratory industry, with an additional expertise in molecular diagnostics and anatomic pathology. Slone Partners has a ten-year track record of working with cutting edge, demanding organizations to quickly attract and hire the best industry talent.**

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The Channel Group, LLC is pleased to send a recent interview with Vijay Aggarwal, Ph.D., a Managing Partner at The Channel Group and its affiliate BioMed Transition Partners. Vijay was interviewed by Adam Slone of Slone Partners.

About Vijay Aggarwal, Ph.D., Managing Partner, The Channel Group

Vijay Aggarwal has a long history in the pharmaceutical and clinical diagnostic fields, from Executive Vice President at SmithKline Beecham Laboratories, to President of AAI Development Services, to President of Aureon Laboratories and now CEO of Vaxi Genix an early stage therapeutic vaccine company developing treatments for colorectal cancer. As a Managing Partner at The Channel Group, a venture management and development firm, Dr. Aggarwal sees doors opening for not only new ventures, but also talent.

*"Although the bar for new investment may seem high, in reality there is plenty of capital available for diagnostic company investment. The defining component is access to talented individuals with a track record of success."*

The Defining Component is Talented Individuals....

An Interview by Adam Slone

**Adam Slone:** You said in an interview that even after 30 years in the diagnostics business you're still "excited by the developments that are occurring in the field." Can you tell us about a recent development - from outside your own company - that truly excites you?

**Vijay Aggarwal:** What really excites me is not a single development, but the significant acceleration in the rate of introduction of innovative diagnostic tests. Everywhere you look, there are new technologies being developed and applied to ever more important patient management issues. The era of targeted therapies has been answered with a new class of targeted diagnostics. We are beginning to see the evolution of a new mindset where diagnostics direct the appropriate medical or therapeutic intervention for each patient. The increasing reliance on diagnostics has had a favorable impact on the field and created an improving image in the investor, pharmaceutical, and biotechnology communities. As a consequence, the recent record of major health care companies making significant investments in diagnostics is very exciting and is a predictor of continued progress in the field.

**Adam Slone:** How did you become involved with the diagnostic industry and what makes you enjoy the private equity side of things?

**Vijay Aggarwal:** I first joined a diagnostic company because, of all the areas in health care, it seemed like the field where an individual had the highest likelihood of making a significant impact in health care delivery. Although there are exciting developments in many areas of health care, many years later I still think this is true. The path from research to the clinic is longer in pharmaceutical development, and a career in diagnostics still has the potential to dramatically alter medical practice in a relatively shorter time frame.

As part of several privately funded diagnostic companies, I enjoy the exposure to all aspects of the business and the opportunity to contribute in many different ways. Large companies offer lots of resources and support, but I have really enjoyed the working environment and the rapid pace that smaller companies provide. It is a great place to see the immediate impact of your own commitment and contribution.

**Adam Slone:** Major pharmaceutical firms have been cutting back on R&D. Does that represent an opportunity for new ventures, or is it a sign that the big guys have realized that the returns on R&D are not so good?

**Vijay Aggarwal:** In recent years, big pharmaceutical companies have in-licensed some of their most important compounds. I think this is a result of the rapid advance of techniques that allow small innovative companies to do world class research without the massive investment required in the past. Start up companies have a focus and nimbleness that provides an ideal environment for early discoveries. However, the current high failure rate of drugs as they move through the development pipeline makes it very difficult for small companies to see a program all the way to the clinic. Full clinical development of these discoveries generally relies on the resources of the larger companies. Within this environment, opportunities for new ventures abound, both in diagnostics and other services that assist the clinical development process.

**Adam Slone:** What is your vision of what the diagnostic laboratory landscape might look like 10 to 15 years from now?

**Vijay Aggarwal:** The seeds of the future can be seen today. Integration of biomarkers in pharmaceutical clinical trials, adaptive trial design, increased monitoring of disease progression, and the availability of potent targeted therapies all conspire to place the laboratory in the critical path of future developments. Although the terms "companion diagnostics" and "personalized medicine" are already becoming over-worn, the reality will exceed even our wildest predictions. As diagnostic tests are developed to identify responders from non-responders, monitor the progress of therapy, and check for harmful side effects, the role of diagnostics in medicine will radically increase. In that time frame, laboratory testing will evolve from diagnosis of disease to prediction of which medical management option is best suited to each patient. In the future, it will be inconceivable to define a course of treatment without appropriate characterization of the particular subtype of disease each patient has...a central role for the laboratory.

**Adam Slone:** As health care costs rise and policy makers look for ways to cut our national medical bill, do you think it will become more difficult to secure reimbursement for new diagnostic tests?

**Vijay Aggarwal:** It is likely that all of health care, including diagnostic tests, will face reduced reimbursement per unit of service in the future. We should learn a lesson from the pharmaceutical industry here. Just as it is economically disastrous to develop the 10th drug in a therapeutic category, it will be just as disastrous to develop diagnostic tests that simply provide interesting corroboration to clinical judgment. For the tests that truly provide definitive direction on the best course of patient management, there will be adequate reimbursement. The message to the industry is clear: focus on rigorous development and validation and insure that the information from the test provides meaningful impact on medical decision making.

**Adam Slone:** Where does the identification and placement of a management team fit into The Channel Group's strategy for a venture formation or a venture transaction?

**Vijay Aggarwal:** Technology is increasingly available. Although the bar for new investment may seem high, in reality, there is plenty of capital available for diagnostic company investment. The defining component is access to talented individuals with a track record of success. The team that is in charge of developing the technology into a viable business is one of the most important aspects of newly formed companies. In any organization, but especially in newly formed companies, it is critical to have a team that works well together but also one that has a diverse set of capabilities and experiences to draw upon. For startup companies and their investors, each hire is mission critical.

**Adam Slone:** What do you enjoy doing when you are not working?

**Vijay Aggarwal:** I enjoy making ceramic pottery. After a day spent thinking about the role of diagnostics in disease management, there is nothing as satisfying as turning a lump of clay into a pleasing three-dimensional object. As an added benefit, no one in the pottery studio complains if you end up covered in mud.

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